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Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief, Economic Research

DATE: 18 January 1954

FROM : Chief, Services Division

SUBJECT: 11 January Draft of DCID 15/1

1. In general, the draft appears to be sound and, in many respects, would represent improvements in the recognized authority and responsibility of O/RR in the field of economic research. It certainly injects more realism into the problem of inter-agency coordination than was found in the earlier NSCID's and DCID's. I have some major reservations about the draft, however, which are covered in the following paragraph-by-paragraph comment.

Policies

a. No complete separation of areas of interest is possible or necessarily desirable in economic intelligence activities.

Comment: This is a good point to have established. The same point should be made for other fields.

b. Full and free interchange of all intelligence information and finished intelligence and schedules of research programs, including external research, between all agencies concerned is essential.

Comment: Good.

c. No one agency is considered to be the final authority in any field; conclusions may be questioned by other IAC agencies and dissents recorded.

Comment: This point should also be made for other fields.

d. Any agency may make such studies as it believes necessary to supplement intelligence obtained from other agencies in order to fulfill its agency functions, but basic research studies should not normally be disseminated outside the producing agency without advance consultation with the agency having primary responsibility for the subject matter involved.

Comment: Good.

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- 2 -

e. An agency charged with primary responsibility in a particular field will develop special competence in that field and will normally carry out most of the research in that field.

Comment: Good.

f. Each intelligence agency will endeavor to coordinate the intelligence activities of its technical services and its other facilities having economic intelligence production capabilities with the work of the IAC intelligence agencies and to make available to those agencies the intelligence produced by such services and facilities.

Comment: A good point, but a difficult one for some of the Services to execute. It might be advisable to have the language include the intelligence activities of major commands abroad or elsewhere in the United States. The former work of the CINCPAC intelligence staff on the China problem is a good case in point. They have re-hashed out-of-date information and made estimates on inadequate research in such a way as to cause the US Government considerable embarrassment.

Responsibility for Intelligence Production

2.1.a. The CIA shall have primary responsibility for intelligence research, as a matter of common concern, on the past and present state of the Soviet Bloc economies.

Comment: Good.

b. The appropriate military agencies shall have primary responsibility for research into the production of military end items and such studies as may be required to supplement CIA research in discharging their departmental responsibilities.

Comment: This is a dangerous statement. There are few plants that do nothing but produce military end items. There are many plants that produce a mixture of civilian and military items, and there are a great many plants that could be converted from the production of civilian goods to the production of military end items. It is

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Approved For Release 2000/06/30 : CIA-RDP75-00662R000200110007-4

- 3 -

impossible to separate the study of the production of military items from the study of the production of other items. Also, the problem of convertibility is one of the most important aspects of the study of Soviet industry.

I suggest that the paragraph be rephrased as follows:

"The appropriate military agencies shall have primary responsibility for research into present and future requirements for military end items, the current stocks of such items, and such studies...."

This would leave primary responsibility for production rates with O/RR, but would still permit the Services to supplement our work in that field.

This paragraph applies as far as the Army and Navy are concerned and would also cover military items of direct interest to the Air Force, but it does not cover the Air Targets problem. I do not know enough about that problem to make a firm recommendation, but it seems to me that we must either undertake certain types of economic analysis on behalf of the Air Force or be prepared to recognize a limited amount of duplication.

c. The Department of State shall have primary responsibility for research which integrates political and economic intelligence and such studies as may be required to supplement CIA research in discharging its departmental responsibilities.

Comment: This is all right, but we might consider reserving the right to dissent on their weighing of the various factors.

2.2.a. The Central Intelligence Agency shall have primary responsibility for providing economic-analytical projections and establishing limits of economic capabilities.

Comment: Good.

CONFIDENTIAL

Approved For Release 2000/06/30 : CIA-RDP75-00662R000200110007-4

- 4 -

b. The appropriate military agencies shall have the primary responsibility for estimates concerning military end items, capabilities, and vulnerabilities.

Comment: This paragraph should be amended in accordance with the comment on 2.1.b., above.

c. The Department of State shall have primary responsibility for estimates that integrate political and economic intelligence in forecasting probable developments.

Comment: See comment on 2.1.c., above.

2.3. It is recognized that, despite the above mentioned allocations of primary production responsibilities, there will be areas of common or overlapping interest which will require continuing inter-agency liaison and such working-level conferences as may be appropriate.

Comment: This is good.

Responsibility for Economic Intelligence Coordination

3.1. The Central Intelligence Agency will continue to have the responsibility for coordination of foreign economic intelligence as outlined in NSCID-15. To assist the Central Intelligence Agency in carrying out this responsibility the Economic Intelligence Committee shall continue to perform the functions outlined in IAC-D-22/1 (revised).

Comment: This statement may be adequate, but somehow we must encourage all agencies to take a broad view about their responsibility for coordination. What we really need is an Intelligence Community that thinks in terms of US interests rather than Departmental interests. At the same time, we need intelligence officers in all departments who think of themselves as belonging to a US intelligence team and who will trust the other members to do the best job they can. This DCID may not be the proper place to say any of the foregoing, but we should keep the objective in mind at all times.

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